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## **H.R. 4601 — DEBT REDUCTION RECONCILIATION ACT OF 2000**

**Bill Summary:** The bill creates an account in the Treasury for the sole purpose of reducing publicly held debt. The bill appropriates into that account any increase in the Fiscal Year 2000 on-budget surplus in excess of the \$24.4 billion surplus identified in the FY 2001 Budget Resolution. The bill further reduces the statutory debt limit by an equal amount ensuring that the surplus can only be used for public debt reduction.

**Response to Critics:** Critics of this measure, argue that the bill does nothing that does not already occur under current law. Such an assertion is incorrect for two reasons. First, under current law any new surplus could be spent by Congress prior to the end of the Fiscal Year (October 1, 2000). Indeed, after CBO announced in its January Report that it anticipated a larger surplus for FY 2000 than earlier predicted, Congress and the President spent most of that surplus in the Supplemental Appropriations and Crop Insurance bills. If the Debt Reduction Reconciliation Act were enacted into law, before enacting any supplemental spending bill Congress would first have to vote to rescind a portion of the funds set aside for debt reduction. Politically, this is more difficult than simply voting to spend a portion of the surplus. Second, nothing in current law requires the Treasury Department to use a surplus to retire public debt. Indeed, as a recent report by the Heritage Foundation demonstrated, recent surpluses often have been used to increase the cash surplus held by the Treasury Department (*Making Sure Surplus Revenue is Used to Reduce the National Debt* — June 13, 2000 available at [www.heritage.org](http://www.heritage.org)).

**Bill Status:** H.R. 4601 passed the House on June 20 by a vote of 419-5. This bill has been read a second time in the Senate and has been placed on the Senate Legislative Calender.

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*The views expressed in this Legislative Bulletin do not necessarily reflect the  
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The Conservative Action Team is a Congressional Member Organization of almost 60 Republican House Members and is chaired by Representative John Shadegg (R-AZ).